

10 January 1955

MEMORANDUM FOR: Deputy Director (Administration)

SUBJECT : Funding a CIA Building

1. There are two methods by which a CIA building might be funded--by specific appropriation of the entire amount or by lease-purchase contracts. Earlier consideration of this problem was based only on the appropriation method. To this end, Public Law 155 of the 82nd Congress contains authority in Title 4,

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been appropriated to carry out this authorization, but the authority itself is still valid if the sum is adequate. If inadequate, additional authorization must be secured. With an appropriate authorization, CIA would approach its own appropriations subcommittees for specific appropriations. Since these subcommittees are already briefed on the Agency, its functions, its size, and many of its special problems, and have shown themselves generally sympathetic to the acquisition of a building for the Agency, no great difficulty would be experienced in presenting our request to them.

2. The lease-purchase contract method is authorized by the Public Buildings Contract Act of 1954. The purpose of the statute is to authorize the General Services Administration and the Post Office Department to enter into long-term (10 to 25 year) contracts to purchase buildings to be constructed by private capital. Under this system, appropriations are spread over the life of the contract so that no large sums are required in a single year, but due to taxes and interests, the over-all cost to the Government is considerably more than in the case of a Government-constructed building. Our authorization noted above for \$38,000,000 would not serve the lease-purchase approach, as no appropriations may be made for lease-purchase projects until they have been approved by the Committees on Public Works of the Senate and the House. We would, therefore, have to brief these two Committees on the Agency and its housing requirements, and neither of the Committees has had any detailed or intimate relationship with the Agency. In addition, the annual appropriations themselves would normally be obtained by General Services Administration from their appropriations subcommittees, which again would be new to the problem.

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3. The Lease-Purchase Act does not preclude the direct appropriation method. Section 102 of the Act states that it is not the intent of the Congress that the lease-purchase program be a substitution or replacement of any program for construction by the United States of such structures as may be required by the Federal Government. The House Committee Report on the Act states that the lease-purchase program would go a long way in alleviating deplorable conditions in post offices and other Federal buildings in municipalities where, because of delayed maintenance and recent cessation of public improvements, the demand for up-to-date conveniences is very urgent. We feel that Congress was looking more to acquisition of small buildings in local municipalities, and this is supported by the limitation of \$5,000,000 on the funds which might be authorized prior to July 1, 1955, as annual payments under contracts prior to that date. Annual payments for a CIA building could run anywhere from \$2,500,000 to \$5,000,000.

4. As between the two methods, it appears to us that the direct approach for a specific appropriation is far preferable. Chairman Vincent of the House Armed Services Committee stated that this was his view in his meeting with the Director on 6 January. In addition to the other practical considerations, we believe there is a real problem in briefing an additional and fairly large group on the size and some of the specific special requirements of this Agency. Whichever way we proceed, we believe it would be better in our relationships with the Congress to proceed on an open basis and no longer hide behind the Air Force cover which was applied in the earlier authorization.

151
LAWRENCE R. HOUSTON
General Counsel

✓ cc: Comptroller